

Editor of the *Phila Pa*

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REPLY TO THE SPEECH

OF

MR. CHARLES FRANCIS ADAMS, JR.

BEFORE THE

JOINT STANDING COMMITTEE ON RAILROADS,

OF THE

MASSACHUSETTS LEGISLATURE.

BY

RICHARD S. SPOFFORD.

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THE RAILROAD QUESTION.

A SPEECH recently delivered by Mr. Charles Francis Adams, Jr., on the subject of railway economy, before a Committee of the Massachusetts Legislature, has attracted much attention, not alone within the limits of our own Commonwealth, but throughout the country. The pressing importance of the subject-matter; the eminent character and ability of the gentleman himself; his special fitness, as one of the Railroad Commissioners of Massachusetts, versed in the studies of railway policy and law, to grapple the important issues involved in what is known as the railroad problem; the originality of his views, and the force and perspicuity with which they have been presented: each and all of these considerations have given to the speech in question a marked prominence, and commended it to public notice, if not to public approval.

It is in nowise my intention to enter upon a review of this address in mere criticism of its merits as a literary performance, nor yet from a stand-point of political or partisan opposition. The magnitude of the subject is too overshadowing to admit of any such intention; nor in my capacity of a private citizen would either attitude be consistent with courtesy. Whilst fully in accord with Mr. Adams, in a realization of the railway evils to which the body politic is now subject, both of a special and general character, — the former affecting the State in its governmental autonomy,

and the latter the community in general, — and heartily assenting to much of the mere doctrinal assertion with which he has presented his views, I am nevertheless unwilling to accept the conclusion to which he has arrived. Nay, on the contrary, I cannot but believe that the plan proposed is one not only inadequate to the occasion, but of unwise and even dangerous policy; and for this and for no other consideration I venture upon the debate, proposing to confront Mr. Adams' arguments with my own, and to leave the determination of the question in the public judgment, as the balance of reason shall incline. There are certain points, it is true, to be named, which, while political in their character, are to be urged not so much on that account, as because they are inherent in the question, and there can be no solution thereof independently of them; and if anything in Mr. Adams' public position shall give these points an appearance of personality, I disclaim such an intention at the outset, and avow that I have no other purpose than to call attention to the true issues, and to discriminate between the political forces by which results are to be controlled.

The resolution with which Mr. Adams prefaces his speech, and which sufficiently indicates the nature of the scheme, supported by his official recommendation, is as follows: —

"Resolved, That the Governor and the Council be requested to ascertain and inform the Legislature, as soon as may be practicable, upon what terms, if any, the Commonwealth can purchase the rights, titles, property, and franchises of the Fitchburg, the Vermont and Massachusetts, and the Massachusetts Central Railroad corporations; and, further, to ascertain and report what legal measures it would be necessary or advisable to take to enable the Commonwealth to assume possession, under any powers reserved to it by law, or under the right of eminent domain, of the roads, properties, and franchises aforesaid, with estimates as to what would be the probable cost to the Commonwealth by so doing."

Thus, it will be perceived, that the thing in contemplation under this resolution is the possession by the Commonwealth of a certain line or lines of railroad, to wit, the Fitchburg, the Vermont and Massachusetts, and the Massachusetts Central, the same to be secured by "purchase" of the "rights, titles, property, and franchises" thereof, with a view to the operation of the same by the State authorities; and upon this proposition Mr. Adams' argument proceeds. It is but fair, however, to say, that whilst his proposition has for its central idea that of State ownership, he does not carry it to the extent of advocating ownership by the State of all lines of railroad whatsoever within its bounds, but, on the contrary, distinctly and with much emphasis of limitation confines himself to the position of a partial ownership by the State of its railroad system; that is, as I understand it, to the ownership of parallel or competing lines.

To do Mr. Adams full justice, and that no loop-hole may be left for misunderstanding, I cannot more completely present his views than by the citation which follows: —

"But what is this State ownership of railways? The general idea, and I think it is the idea which pervades the minds of gentlemen who come up here day after day, is, that the Government is to own railroads and to run them, as it does the postal system; that it is to assume every railroad in the country, large or small; that, in a word, it is to go into the railroad business full tilt. In other words, the subject of State ownership of railroads is not at all understood. People talk very learnedly about it without any knowledge of it. So far as I know, no government ever has, and I venture the opinion that no government ever will, own all the railroads subject to its jurisdiction. In the first place, it is impracticable; in the second place, it is both unnecessary and inadvisable. Let me refer to the Belgian system, which is the one most commonly discussed. The essence of the Belgian system is found, not in an exclusive State ownership,

but in competition arising from a mixed ownership, part public and part private.

"The Belgian system, therefore, goes back to first principles; competition plays a far more important part in that system than in our own. The State railroads and the private railroads work incessantly side by side. The result is that the one keeps the other pure, and up or down to the mark, just as you choose to put it. They are now discussing in Belgium the expediency of the State assuming all the railroads. I venture the opinion that if this is done, they will find that they have destroyed that to which hitherto they have owed their success. They will have eliminated that element of competition which it should be their great aim jealously to preserve. *For the very essence of the system of State management lies not in the ownership of all the railroads by the Government, BUT IN THE CONTROL AND REGULATION OF THE WHOLE, THROUGH THE OWNERSHIP AND MANAGEMENT OF A PART.* Upon this fundamental principle I feel that I cannot place too strong an emphasis. In these few words are included the whole theory of State ownership which I am instructed to urge upon you."

This, then, in a carefully defined form, is the proposition advanced by Mr. Adams, and to which, so far as Massachusetts is concerned, his resolution is intended to give effect; and here it is, at the inception of the scheme in question, that in my right of citizenship I join issue with him. I deny the premises upon which he proceeds; I deny the conclusions at which he arrives. At all points confronting the proposition submitted, I shall demonstrate that so far from offering a remedy for existing grievances, it is calculated not only to leave those grievances equally intolerable as now, but to precipitate other and more threatening dangers upon the Commonwealth. To use his own words respecting *exclusive* ownership by the State, I shall show that his project is in the first place impracticable, and in the second place both unnecessary and inadvisable. So far from going back to first principles, as he alleges, I shall show that the

idea of State ownership goes *back upon* them, as well in the instance of the Belgian system as his own ; that the element of competition which he conceives to be the distinguishing feature of both systems alike, his own and that of Belgium, is an impossibility under either ; that if competition is the veritable solvent of the railroad problem, as Mr. Adams alleges and as I admit, it is not to be found where he supposes, but must be looked for elsewhere ; — in a word, to retort the expression applied by Mr. Adams to the opponents of his project, it may be shown by the discussion, that upon the subject of the State ownership of railroads, there are those indeed who “talk very learnedly,” when “it is not all understood.”

Of the scheme proposed, it is first to be remarked, that whilst it is presented as a *panacea*, not merely of local but of general application, the purview of the resolution contemplates only the railroad conditions of Massachusetts ; that is to say, the control and regulation of the railroad system of that State, by means of the ownership and management of the Fitchburg line and its connections. But I do not see how, even if the proposition shall be admitted as of beneficial tendency, so far as Massachusetts is concerned, it can apply to the railroad system of the entire country, where, rather than within State limits, our grievances and perils arise ; yet it is presented, argued, and enforced as a universal remedy.

To put the proposition in a practical form, it is supremely important that the railroad system of the United States shall undergo such modifications as will ensure the correction of gross abuses, so far as the public are concerned, and relieve the Government itself of peril. How serious these evils are it is needless now to recite ; they are universally recognized — nay, universally endured. The gross extortions, the spirit of monopoly, the proconsular control, the

aggregation of monetary powers, the direct and indirect interference in governmental affairs, the corruptions, subornations, and stock-jobbing frauds, all these, the familiar, the unquestionable features of the national railroad system, under its present management, appeal so forcibly to all classes of minds and to all interests that there is universal recognition of the fact that such a system must be changed in some way, or that there will be a change involving the destruction of all that is most valuable and estimable in our condition as citizens of the United States. To meet this grave emergency comes a Railroad Commissioner of Massachusetts, with this project of railroad reform, which he declares is a specific, viz, the "control and regulation" of the whole railroad system of the country through the "ownership and management of a part." If this means anything, so far as the railroad system of the United States is concerned, it means the ownership and management of competing lines running in every direction throughout the length and breadth of the country. How otherwise, indeed, can it have meaning? Can the Government control extortion, monopoly, want of accommodation, or any other grievance of the existing railroad system, as between Chicago and the East, for instance, by the ownership and management of a line of railroad between any two points North and South? [And is there any more of truth in the converse of that proposition? If the ownership of a single railroad line in Massachusetts, running in the direction proposed, is sufficient of itself to control the railroad system of that State, well and good, though I do not admit the fact. But in what direction shall that line run which, upon the theory of partial ownership, is to control and regulate the railroad system of the entire country, whether to the north or to the south, to the east or to the west?

Or, in Mr. Adams' theory, (it is) believed that the other

States of the Union, dazzled by her example, will follow Massachusetts into the scheme of partial ownership as one of railway reform, each upon its own account, and in such manner as its interests or ambitions may dictate? That I do not know. But I can well imagine with what satisfaction Wall Street will possess itself of the idea, and what numberless bankrupt and inflated stocks will be advanced upon the stock-list, in the expectation that Sovereign States are to compete with one another in railroad purchase, and thereafter, when the railroads shall have been secured, how beneficent their influence will be as an agency for adjusting the commercial and other rivalries of the States themselves.

Or, again, upon the broader field of the Union, will it be avowed that the Federal Government is to become the possessor of parallel lines in all directions, whereby to control and manage all ~~the~~ other lines of private companies? That would be indeed to go into the railroad business "full tilt": a scheme, the dimensions of which it is quite impossible to grasp in an instant's reflection, and one which, not more on the score of its unconstitutional character than in its possibilities of corruption and jobbery, — saying nothing of the cost of such an investment, to be reckoned only in those figures with which the schedules of our public debt have made us all familiar, or of its political bearing as an engine of partisan or mercenary rule, — has had no counterpart in our public affairs hitherto, save in the scandalous project that the Federal Government shall assume, as a national obligation, the carpet-bag indebtedness of the Southern States.

Another point deserves attention. If, for the well-being of the country, the adoption of Mr. Adams' scheme shall become expedient, nay, if it is already mandatory upon the Federal Government, as he would argue, to possess itself of a partial ownership, that is, an ownership of parallel lines,

why not begin the work of innovation and of reform, if it is reform, there, pretermittting its consideration in the States, and especially in our own Commonwealth, where the evils are by no means so intolerable as elsewhere? The response is for Mr. Adams, if response there be. And here I leave this view of the subject for the present, noting this point only, that if his scheme is indeed the true criterion of railroad reform, then the project for the purchase of any road whatever by the State of Massachusetts, or by any other State, is a provisional device only, and as such it is inexpedient to legislate thereon.

The foregoing are the mere preliminary considerations by which we are confronted upon a first view of Mr. Adams' proposition; but who will say that they are not of prime importance, are not indeed crucial considerations, demonstrative of its merits.

Proceeding to consider the proposition in the more limited scope in which it is presented by the resolution, I shall now endeavor to demonstrate the impracticability of the measure and the speciousness of the argument by which it is sustained.

I cannot but commend that political sagacity with which Mr. Adams, at the very commencement of his argument, admits the principle known to political economy as that of *Laisser-faire*, or non-interference. Not Stuart Mill himself, nor Bastiat, nor any one of the free-trade school of political economists, accords to this maxim a more august authority or professes a deeper reverence for it. "No principle is or should be more firmly established at the base of our American polity than that our Government should have the least possible connection with industrial enterprises;" this is the language of Mr. Adams, and he proceeds: "This great principle, pardon me for adding, has few more ardent or earnest advocates than myself. In my own place I look upon every breach of it with profound regret. I respect every man who

maintains it, even after reason has got the better of my own strong prejudice in its favor."

The wonder is, that with views such as these, views in which I most heartily and religiously concur, a proposition so obnoxious in its design, so contrary to every true principle of political economy as that contained in Mr. Adams' resolution, should have been submitted by him. In no form more odious and intolerable could it have been suggested that the Government should enter upon the exercise of functions beyond the scope of its ordinary and well-recognized authority. All that has been said or written by the most illustrious teachers of the school of economists to which Mr. Adams professes to belong, must go for naught, if such a proposition can be made an exception to the general rule; for, in all the instances of governmental interference with private affairs, against which those writers and teachers have so steadily inveighed, not one is to be named which, in the magnitude of its bearings, can be compared to this. If, in this respect, the rule is to be violated with impunity, it is difficult to see where, upon reasonable ground, a limit to violation could be set. That Mr. Adams feels the full force of this, is apparent upon the text of his remarks; for he admits as much in declaring that, in the case of the railways, he proposes this very innovation to save the principle itself, and that it is an innovation upon what he conceives to be the long-established and firmly settled principles which underlie our industrial and political systems.

It is indeed not only singular, but it is somewhat saddening, to perceive by what errors of reasoning a mind thus well freighted and equipped with the principles of a true political economy has been led to the point here occupied by Mr. Adams, — a point indeed where, to paraphrase a metaphor of Burns, he seems to have "lost the chart, and mistaken the reckoning of political rationality."

forsaking Mill and the other great masters of the schools of political economy in which he has been taught ; abandoning his own well-reasoned convictions and sensible biases ; in an unlucky moment he has encountered an odd number of the *New York Nation*, and has been captivated, not to say captured, by a doctrinal maxim therein advanced to this effect, namely : that there is but one case, speaking of interference by Government with industrial undertakings, which warrants such interference, that being when any one branch of the business of the community is so monopolized, that citizens can no longer share in, or control it, and so mismanaged that they can no longer endure it. "When that day comes," continues the *Nation*, "either in the shoe trade or the coal trade, in the conduct of a Pennsylvania petroleum combination or of railroads and telegraphs, Government is warranted, when all other remedies have failed, in prostrating private enterprise by the crushing hand of power, and supplanting private industry as best it may."

Thereupon Mr Adams, oblivious that the day of which the *Nation* speaks has a less calculable place than the loose one of the Gregorian calendar, and never will and never can arrive where government exists, proceeds to say, that he accepts this definition as laying down the principle upon which he stands, and accepting it, to take the parallel which he declares is usually advanced in such cases, namely : "'The Government has no more to do with the railroad business than it has to do with the business of making shoes, or spinning cotton, or baking bread.' I accept the parallel," says Mr. Adams, "as presented by the opponents of the innovation now proposed, and I proceed to point out where the distinction, which has escaped them, lies."

Now, without debating the truth or falsity of the *Nation's* doctrinal axiom, as to the fit occasion for governmental interference, nor whether or not the conditions for such interfer-

ence, presupposed in the *Nation's* philosophy, exist in the present case, — points which Mr. Adams, in the projection of his parallel, has overlooked; nor yet, whether or not all other remedies have failed, — one of the *Nation's* conditions precedent, not taken into the account at all by Mr. Adams, — I desire only in this connection to say, that ordinarily it is not difficult, where one has arranged his premises to suit himself, independently of all conditions, even those in the nature of things, for him to reach the very conclusion at which he aims; and that in the present instance, in this discussion of the railway question, it will be a phenomenal infelicity if Mr. Adams shall fail to do the same. I accept the parallel which *he* presents, and it will be my duty to point out where the distinction which has escaped *him* lies.

Mr. Adams argues the question in an ingenious way. In a formula of his own selection he puts the proposition thus: "Government has no more to do with the railroad business than it has to do with the business of making shoes, or spinning cotton, or baking bread." He proceeds to contrast the business of the railroad company with the other branches of business which he has mentioned; to show how, with the latter, competition is possible, but with the former, not; to depict the evils of combination existing in the one case, but not existing in the other; the impregnability and solidarity of that combination, and its disastrous effects; and having presented the contrast as forcibly as it is possible to do, he turns upon us thus: "But is it not something of a mockery to refer this system [*i.e.* the railroad system] for its regulation to the principles which control the production of boots and cotton cloth?" — the argument intended being that Government, after all, whatever may be its function as to the business of baking, of spinning cotton, or making shoes, would nevertheless be justified in engaging in ownership and management, so far as railroads are concerned.

I contend that this is a fair commentary upon Mr. Adams' line of argument; the more to be wondered at, inasmuch as it is not the merits of the railroad question which he is discussing, but of a fictitious formula. He will find in the sequel that the question whether or not the State of Massachusetts shall purchase and assume the management of a great line of railroad, and the question whether a certain formula, eliminated from the columns of the *New York Nation*, contains all the wisdom in the world, are two separate and distinct things. Observe: the statement, by refutation of which Mr. Adams strives to maintain his position in favor of the State ownership idea, is his own — his own at least by adoption; and the following extracts will show to what limits a process of false reasoning once adopted may extend: —

"In other words, gentlemen, — and this fact will bear some degree of reflection, — while the result of ordinary competition is to reduce and equalize prices, the result of railroad competition is to produce local inequalities, and to arbitrarily raise and depress prices. And yet the working of this system, this necessary and avowed mixture of pure monopoly with systematic combination, is continually compared, by men who profess to think, with the production of boots and cotton cloth.

"This argument, however, is but the popular one. It is one of those shallow formulas which are continually clattered out through the editorials of the daily press and in the discussions of the market-place. No sound thinker, that I am aware of, has ever lent his authority to so transparent a fallacy. Still it has weight among men, — and among intelligent men at that, — who will repeat and repeat, as though some virtue lay in the very words, — the Government has no more to do with the railroad business than it has with the shoe business."

Once again, as follows: —

"Let us suppose for a moment that we concede the proposition that the Government has no right to 'go into the railroad business.' If we concede this, however, we must

concede it in its full length and breadth. The Government must exercise no supervision whatever over railroads, any more than it exercises it over cotton-mills or shoe-factories. The railroads must be absolutely free to get all they can in exchange for what it may be their interest to furnish to all who have to deal with them."

Was ever reasoning like unto this? Call it a *non sequitur* you may, but it puts all its companion phenomena of that character to the blush. For inconsequence of statement, argument, conclusion, by whom shall it be matched or approached? It rivals the renowned theme: "The year has four seasons — spring, summer, autumn, and winter; but as for me, give me liberty or give me death!"

No, Mr. Commissioner, I appreciate all you have said of those conditions which subject the business of baking, of cotton spinning, and of making shoes to the laws of supply and demand; all that is peculiar in this connection to distinguish the railroad business from the others referred to; all that you have urged so earnestly of the possibilities of combination in the case of the latter; of the evil effects of combination; of the inequalities of competition even where that does exist; of the difficulties which present themselves in the way of overcoming the wrongs and hardships of the prevailing facts: — all this I recognize, appreciate, and fully understand; but for all this, you have not made it appear that the Government is called upon to enlarge the scope of its powers, nor shown why, as respects the railroad system, call it by what name you will, it shall not continue to be compared, so far as its assumption by the Government is the point in question, with any other branch of industrial or commercial enterprise.

The parallel upon which Mr. Adams' argument has been predicated is something more than a mere parallel. It is in men's mouths, not merely as "a shallow formula," as is

suggested, but as the enunciation of a great politico-economic truth. It is because the doctrine is growing more and more popular, its assertion more and more frequent in the "editorials of the daily press," as well as in the "discussions of the market-place," that the Government has nothing whatever to do with industrial pursuit, in the sense of owning and conducting the same, that men declare that it has "no more to do with the railroad business than it has with the business of making shoes, or spinning cotton, or baking bread." The latter conclusion is presented as an axiomatic fact, and in putting the first proposition upon that "parallel," it is intended simply to emphasize the statement of an equally indisputable truth. To assert the above formula, respecting the impolicy and wrong in Government control of the railways, is by no means to say that, relatively to its authority, the railroad business stands upon the same footing with that of spinning cotton, making shoes, or baking bread. It simply means that railroading, to use the common idiom, is as much one of the functions of the Government as the business of a cotton spinner, a baker, or a shoemaker, and not a whit more; and in this view, I contend it is a true and incontrovertible proposition. To my knowledge, none who "profess to think," compare the railroad *business* with the production of boots and cotton cloth; none refer the railroad system for its *regulation* to the principles which control the production of boots and cotton cloth. No; all this is a mere begging of the question. The point of assimilation, in men's minds and even in Mr. Adams' own formula, is here: neither one nor the other, nor any of the callings named, is a proper function of Government; whilst as to their regulation, the principles by which that is governed, are as diverse and distinct as their respective attributes, — one being of an individual and voluntary, the other of a corporate and public nature.

By what right, then, does Mr. Adams, having set out upon a parallel intended only to have this plain and indisputable signification, force analogies which no one else has ever asserted or thought of asserting? his motive being to disprove their existence, and thus by a sort of left-handed logic to confound the original proposition. For this is the exact thing which is done by him when he declares that the position of his opponents involves this corollary: That the Government "must exercise no supervision whatever over railroads, any more than it exercises it over cotton-mills or shoe-factories"; that the railroads "must be absolutely free to get all they can in exchange for what it may be their interest to furnish to all who have to deal with them." And this, forsooth, is the deduction which is made from the proposition that the Government ought not to own or manage railroads; that it has no more to do with the railroad business than it has with the shoe business.

On whom, in the light of these reflections, rests the imputation of clattering out shallow formulas, I will not permit myself to say.

The point is too patent to need argument, that the attitude of the Government in the one case is a very different one from that which it occupies in the other; whilst of them all alike, it is axiomatic to say, that no legitimate function of the State can be concerned in any such business.

Thus, to resume, not only has Mr. Adams failed to present a sound argument on the parallel of his own selection, with premises to suit himself; but a moment's observation shows that he is not entitled to shelter himself even under the comprehensive, though somewhat vague, formula of the *Nation*; for under the conditions therein prescribed, interference by the State can be justified only where one branch of the business of the community is so monopolized that the citizens can no longer share in or control it, so mismanaged

that they can no longer endure it, and furthermore, when all other remedies have failed.

But now, having dealt extrinsically, so to speak, with the proposition of State ownership embodied in Mr. Adams' resolution, I address myself to its intrinsic merits.

Whatever of objection can be urged against interference by Government, in any sort, with private business, applies with the most profound emphasis, it seems to me, to the ownership and management by the State of a great railway line. First of all, the direct effect of such ownership would be greatly to augment the political machinery of the State, by multiplication of its offices, agencies, and commissions, with corresponding augmentation, of course, of the opportunities of corruption. More important than any other branch of the Government in the sweep of its influence, its political ramifications, and its direct revenues, it would become at once the pivotal fact of our public life, the central figure of its administration, the coveted prize of every political party. A purely sordid, mercenary, and material interest, it would soon obtain the domination of all other interests, and degrade them to its own level. Questions of humanity, of moral or of social reform, of education, or patriotism, or finance ; all these, the highest of State questions, by her treatment of which the name and the fame of Massachusetts have been won, would be subordinated in the conspiracies of the caucus and of the political campaign, to the greed and avarice, the partisan ambition and zeal, towards which a great railroad establishment would stand in the attitude both of a progenitor and a patron. A perpetual temptation to corrupt agencies from without, its own internal corruptions would speedily begin, nor would they end but with the corruption of the political system in its full extent. No exception is to be found to this rule of universal necessity, this fact of universal experience ; nor will one arise

hereafter, even in the case of Massachusetts. So stands the proposition of railroad ownership, here and everywhere, as a governmental fact : how stands the question as one of railroad management and public accommodation ?

Is it so new a proposition in political science that Mr. Adams needs to be informed, or so old that he needs to be reminded, that in the management of any business whatever, the great elements of economy, thrift, care, a spirit of accommodation, and observance of duty, are in far greater degree the attributes of private than of public effort? Do I need to cite to Mr. Adams, here in Massachusetts, and he a Railroad Commissioner of the State, examples in proof of this fact? Or, if it be authority alone by which Mr. Adams' judgment is to be satisfied, is it not to be found in the horn-books of political science, and nowhere more luminously illustrated than by his favorite economist, John Stuart Mill? Notoriously, all business whatsoever is less expensively performed by private parties than by the Government. In the case of a railroad requiring large numbers of employés, its line of operations reaching away from the eye of authority into distant regions, its revenues necessarily exposed in a peculiar degree to misfeasance or malfeasance, multitudinous in the number of its ordinary expenditures, and with a thousand and one contingencies of casual expense — in such a case it would be simple credulity to suppose that the business of its management could be done by the State with any degree of integrity, economy, or efficiency, compared with its management under the control of owners or of others directly interested therein.

Massachusetts, unhappily, is not without a measure of experience in this regard, which should be admonitory. If I mistake not, she has tried her hand in a commercial undertaking, having no legitimate connection with the State, and need I ask with what result! I refer to a business by no

means of inconspicuous mark in our local annals, that of the State Liquor Agency — a business from which the railroad business, when in political hands, differs in liability to abuse and failure only in proportion to its greater magnitude.

With what measure of satisfaction can the most zealous defender of prohibition, not to speak of the political economist, contemplate the career of the State Liquor Agency, — a career scandalous and criminal, whereof the distinguishing features have been, corruption in office, involving more than one of the State Commissioners; the sale of adulterated compounds, and that for medicinal use, throughout the Commonwealth, nay, throughout New England; a promiscuous and universal liquor traffic; the demoralizations of legalized monopoly, a pestilent presence in politics, scattering with one hand gratuities to its friends, with the other subsidies to its foes, here an instrument of subornation, there an engine of oppression; these and other frauds, villainies, and violations of law innumerable.

Viewing the Agency under these aspects, as the natural product of that fatal policy which connects the government of the State with business undertakings foreign to its function, what do we behold? What? "The baby figure of the giant mass of things to come at large," if larger opportunities shall come, as come they will, whenever the management of a great railway system shall become the business of the State.

I may as well notice here as elsewhere, a consideration upon which Mr. Adams lays much stress in the course of the argument, but which addresses itself to my mind in an entirely different light.

Commenting upon the phenomenal corruption of the times, resultant, as Mr. Adams believes, from the sway of the railroad man and the lobbyist over legislative bodies, he is none

too emphatic in his denunciations of that fact, though I think his statement unsound.

"I do not hesitate to maintain," he says, "that of all the devices for introducing corruption into politics and the government, which could emanate from the unconscious ingenuity of the most stupid legislators, not one could be found equal to the existing system of railroad supervision and regulation — that system so dear to the opponents of State ownership."

Yes, Mr. Commissioner: Yes, bad, unspeakably bad, as is the existing condition of things, there is one device for the introduction of corruption into politics and the government which transcends all others in its inherent viciousness and vicious tendencies, and that is the scheme projected out of your own "unconscious ingenuity:" I mean that of the actual ownership and management by the State of a portion of its railway lines.

If evils so momentous, so universal, are to be ascribed to the railroad man and the lobbyist, under a system which calls for no closer connection with the State than now exists, with what composure can we contemplate that overwhelming onset of the railway chiefs and clans, which is to become inevitable when the State shall have adopted the policy recommended by Mr. Adams, and when it will be not only expedient, but vital to their interests, to control the administration of the State railway system; and, having once obtained it, to hold that control at any cost. Then, indeed, will the evil days have come when it will be found that legislatures, governors, councils, commissions, all State authorities whatsoever, will have become the creatures, or if not the creatures, the servitors, of the *combined* railway interests of the State; and when, so far as the public is concerned, in the stead of competition, even in its present partial form, in the stead of the segregation of railroad interests, to a greater or a less ex-

tent, in the stead of a sense of public responsibility controlling railroads as now, we shall have administration of the railway system in the form of a great State establishment, to which all other governmental functions are merely ancillary and relative, environing all interests, and subordinating them to its irresponsible and sordid will.

These considerations derive additional importance from the position taken by Mr. Adams, upon inquiry, how under a system of State ownership, the State is to possess control and exercise authority over lines of railway lying without its limits and beyond its jurisdiction. No wonder that an indulgence in day-dreams is confessed by Mr. Adams, when it is suggested by him as the solution of this inquiry, that the State may authorize "trustees to lease and operate" outlying lines in its behalf, though, to use his own words, they stretch away "to Ontario, to Detroit, and to Chicago, — yes, to Montana and to Puget Sound." "But if private capital will build, cannot the State authorize trustees to lease and operate?" This is Mr. Adams' inquiry; and, strangest of all, he supplements it with this amazing proposition: —

"Why should the State not do for itself in Massachusetts what a private corporation has long done for a railroad company in Pennsylvania? The Pennsylvania Railroad Company does not own or operate a mile of road beyond the limits of the State which chartered it. But there is a wheel within a wheel; there is a *Pennsylvania Company* which leases and holds and operates railroads all over the West in trust for the Pennsylvania *Railroad* Company. Why should not Massachusetts, if it be found necessary to do that which has elsewhere been found expedient, and empower its board of trustees to lease and operate roads connecting with its State road, and to hold them to the use of the people of this State as the other company holds them to the use of the railroads of another State."

Ex pede Herculem! Now, at length, we obtain a full view of the giant of which Mr. Adams' local scheme is but

a mere fragmentary portion, and we cannot conceal our surprise. Can it be true, indeed? — is it in this direction that the people of Massachusetts are to be led by the authoritative summons of the State Board of Railroad Commissioners? The Pennsylvania system, than which none in the world's history has presented a more shameless spectacle, — shameless alike in its burdensome and illicit extortions, and the debauchery of political life which marks its career, whose thralldom a grave and wise convention is at this moment contriving, through far different agencies than those of Mr. Adams, to destroy, — that system, forsooth, is to be the exemplar of railway reform for this steady-going and honest-minded Commonwealth, — the Pennsylvania Railroad Company, a prototype of that in which our deliverance is to be sought! Not in Mr. Adams' day and generation, I venture to predict!

But how pregnant, how impressive is the suggestion! With the country aroused, indignant, passionately excited with mingled anger and alarm, in view of its experience hitherto and that which it is now undergoing, as a victim of the gigantic combination to which Mr. Adams has called attention; with the farmer of the West and the mechanic of the East combining, as never before, backed and supported by all but universal co-operation, to assert and to secure their industrial as well as their political rights which in every section this mammoth monopoly has encompassed within the folds of its tyrannous power, as the coil of the serpents encompass the limbs of the Laocoon; with its name a byword of reproach where it is not a symbol of terror, typical in the popular mind of all railway evil and peril; — under such circumstances as these, may we not find occasion to pause when we are urged to emulate such an example by a board of officers so distinguished for their ability and so authoritative in their influence as the Board of State Railroad

Commissioners — pause, may we not, if only to exclaim, “God save the Commonwealth of Massachusetts !”

Mr. Adams has much to say in decrimal of what he calls the present false system in the management of the railways, and which he says depends upon the theory that one man is to regulate and supervise the affairs and property of another. “Is it consistent with ideas of common sense,” he asks, “is it within the bounds of reason, to suppose that the man who owns will not do his best to control the man who regulates ?” It is thus that he accounts for the political evils of the day, and his comments are as follows : —

“The sway of the railroad man and the lobbyist is notorious in half the legislatures of the country. And why are they there? They are there because your false system of legislation has effected a separation between the ownership of a thing and its regulation ; and he who owns the thing knows he must also own the legislature which regulates the thing. And just so long as you pursue this false system under correct principles, just so long as you deceive yourselves with the idea that you are not meddling, all the while that you are doing your best to reduce meddling to a system ; just so long as you make one man own a thing and empower another to regulate the value *out* of it, just so long legislative venality and political corruption will increase.”

I have already shown that of all devices to introduce corruption into politics and the government, nothing like Mr. Adams’ own scheme has ever been suggested, and have exhibited the reasons why. Now let us look at the other question for a moment, that involving the false system of legislation, as Mr. Adams calls it, which is responsible in the case of the railways for the “separation of ownership, and regulation.” Not to argue the point at length, this is my inquiry : What is your own scheme, Mr. Commissioner, but an exemplification of the very thing which you have been denouncing, and in its most aggravated and threatening

form? "The regulation of all railroads through the State ownership of one," — is not that the very shibboleth of the faith to which you adhere, — the motto imprinted upon the published speech which I have now under review ?

Of the two forms of "regulation," that now prevailing or that in contemplation, I leave the reader to determine which is most obnoxious to censure, as being predicated upon the false system of which Mr. Adams speaks. How the railroad corporations themselves will regard it is not doubtful; they will not find themselves relieved from "regulation" should the State policy be substituted for that which now exists. Nor, with all their interests subject to be controlled by the action of the State in its management of the official lines, is it at all doubtful how they would stand affected towards politics. If there were ever an instance of that false legislation which "separates the ownership of a thing and its regulation," it is here proposed; and the railway owners, having greater inducements than ever under such a system, would strive more zealously than now to own the power by which their interests are controlled.

But is there anything, after all, so dangerous and menacing, or founded upon so false a principle, in the idea of governmental regulation, as Mr. Adams would have us believe? For what indeed is government established but for the conservation of liberty with order, — liberty *regulated* by law? And what concern of the State, whether of a public or of a private nature, is so peculiarly circumstanced, that it is to have immunity in this regard? Why, there is no relation of life too personal, no interest too private, not to be subject to the authority of the State and to be regulated thereby. The marriage relation; the burial of the dead; the distribution of our possessions after death, nay, their control and management during the infancy or other tutelage of the living; the relation, than which none is more

sacred, the custody and the care of children ; into each and all of these conditions the State enters with its authority, and is justified in entering, not in the spirit of intrusion or of interference, but benignantlly and in a right regard for the public weal, and in its sovereign discretion it prescribes the "regulations" by which they shall be governed.

Of this authority in its purely personal relations I have already spoken ; let us look at it with reference to the rights of property and the concerns of business. The factory system of the Commonwealth : is not that a subject of *regulation*, in many important particulars — as, for instance, the inspection of machinery ; the employment of minors ? And do we not see in legislation upon many kindred topics, the hours of labor, the wages system, the manufacture and sale of many articles of commerce, the performance of contracts, and in numberless such instances, illustrations of the principle which Mr. Adams so lustily decries as involving "a separation between the ownership of a thing and its regulation," of the "meddling system," as he calls it, but one nevertheless universally recognized as of beneficent purpose, and of the unquestioned domain of legitimate sovereignty ? And yet, in the case of a railroad company, a creature of the law, having its being only under an act of incorporation granted by the State, and not for private but for public ends, we are to be told that the State has no rightful authority of "regulation," and the attempt so to "regulate" is to pursue a "false system of legislation," to reduce "meddling to a system," to make "one man own a thing and empower another to regulate the value *out* of it," and by so doing to increase "legislative venality and political corruption. In how marked a manner the Railroad Commissioner of Massachusetts differs upon the subject of railway regulation from the greatest of living economists, as he calls John Stuart Mill, the most casual reference to the writings of the latter

upon this subject will show ; nor, indeed, has that author anywhere more clearly defined his position than in the very sections of his Political Economy which have been quoted by Mr. Adams, with a strange misconception of their meaning, in support of his scheme of State ownership.*

* "The true reasons in favor of leaving to voluntary associations all such things as they are competent to perform, would exist in equal strength if it were certain that the work itself would be as well or better done by public officers. These reasons have been already pointed out; the mischief of overloading the chief functionaries of government with demands on their attention, and diverting them from duties which they alone can discharge, to objects which can be sufficiently well attained without them; the danger of unnecessarily swelling the direct power and indirect influence of government, and multiplying occasions of collision between its agents and private citizens; and the inexpediency of concentrating in a dominant bureaucracy all the skill and experience in the management of large interests, and all the power of organized action existing in the community; a practice which keeps the citizens in a relation to the government like that of children to their guardians, and is a main cause of the inferior capacity for political life which has hitherto characterized the overgoverned countries of the Continent, whether with or without the forms of representative government. But although, for these reasons, most things which are likely to be even tolerably done by voluntary associations, should, generally speaking, be left to them, it does not follow that the manner in which these associations perform their work should be entirely uncontrolled by the government. There are many cases in which the agency, of whatever nature, by which the service is performed, is certain, from the nature of the case, to be virtually single, in which a practical monopoly, with all the power it confers of taxing the community, cannot be prevented from existing. I have already more than once adverted to the case of the gas and water companies, among which, though perfect freedom is allowed to competition, none really takes place, and practically, they are bound to be even more irresponsible and unapproachable by individual complaints than the Government. * * * In the case of these particular services, the reasons preponderate in favor of their being performed, like the paving and cleansing of the streets, not certainly by the general government of the State, but by the municipal authorities of the town, and the expense defrayed, as even now it in fact is, by a local rate. But in the many analogous cases which it is best to resign to voluntary agency, the community needs some other security for the fit performance of the service than the interest of the managers; and it is the part of government either to subject the business to reasonable conditions for the general advantage, or to retain such power over it that the profits of the monopoly may at least be obtained for the public. This applies to the case of a road, a canal, a railway." (Principles of Political Economy, Vol. V, Chap. XI, § 11.)

But, to return, to what end is it contended by Mr. Adams that his scheme is deserving of public approval and the adoption of the State? The answer, in a word, is competition. That is the all-important element, it is alleged, which under a system of State ownership is to be secured. I repeat his words, that it may be seen how emphatically this point is stated, and with what confidence Mr. Adams relies thereon:

"The essence of the Belgian system is found, not in an exclusive State ownership, *but in competition* arising from a mixed ownership, part public and part private. The Belgian system, therefore, goes back to first principles; *competition* plays a far more important part in that system than in our own. The State railroads and the private railroads work incessantly side by side. The result is, that the one keeps the other pure, and up or down to the mark, just as you choose to put it. They are now discussing in Belgium the expediency of the State assuming all the railroads. I venture the opinion, that if this is done, they will find that they have destroyed that to which hitherto they have owed their success. They will have eliminated *that element of competition* which it should be their great care jealously to preserve. For the very essence of the system of State management lies, not in the ownership of all the railroads by the Government, but in the control and regulation of the whole through the ownership and management of a part."

Now, whatever else may be true of Mr. Adams' scheme, I feel confident that, in the particular which concerns competition, his expectations will be disappointed, indispensable as he admits that element to be. Indeed, so far as competition is concerned, the situation under a system of State ownership will be worse than the situation now. To this conclusion all just reasoning inevitably leads.

Mr. Adams sees in the ownership and management of a portion of its railroad system by the State of Massachusetts (and I will not press him further on the national point) an agency of competition, by which other lines of railroad

within the limits of the Commonwealth may be coerced into the adoption of moderate rates and a just observance of their chartered responsibilities.

To how fallacious and mistaken a notion is official sanction and indorsement here given !

Let us examine the question face to face, giving to Mr. Adams for the moment the benefit of the supposition, by no means well founded, that with partial ownership an authority would be exercised over the entire system. Even upon the presumption that the railroads owned and managed by the State could be run as cheaply and efficiently as others owned by private companies, and that as a practical fact this were done, even under such circumstances no competition, in a true and legitimate sense of the word, would ensue. In such case, of course, the rates of the State would of necessity control those of its competitors, and, the former being operated at cost (for Mr. Adams distinctly and emphatically avows that the State system is not to be run to make money), the latter would not be able to compete at all, but would be compelled either to cease operations at once, or sooner or later come to ruin ; a consummation in either case involving great loss to owners, and the serious discomfiture of the public. Such is the predicament upon the fairest view that can be presented ; that is to say, upon a presumption that the State system is a controlling one, and that it is run with perfect integrity, efficiency, and at the lowest cost.

But how different from the conditions of such a presumption would be those of actual fact. Who doubts that in any system of State ownership the State lines of railroad would be the most expensive, the least efficient, and managed with the least integrity of any in the State ; and what would be the situation then as respects competition even upon parallel and competing lines ? The rates upon the State lines

increasing with the increase of expenditure, in what manner would other lines be affected thereby, except to be enabled to augment their own rates in exactly that proportion with which wastefulness, carelessness, and speculation shall characterize the operations of the standard lines? Not competition, as Mr. Adams supposes, will be the result of such a system, but combination instead. Not competition, indeed, has been the result, even under the much-vaunted Belgian system, as Mr. Adams himself has shown.

Here I reproduce, not alone to the precise point at issue, but as a general authority pertinent to my position, the testimony of Mr. Malcolm, assistant secretary of the English Board of Trade, first, however, having restored, in italics, the very material paragraphs omitted by Mr. Adams. Not only will it appear from this citation, a large part of which has been presented in Mr. Adams' speech, as a principal authority, though in another connection, that competition in Belgium is at an end; but, furthermore, that ownership by the State of the entire system has become an inevitable necessity there of partial ownership.

"It is clear that in Belgium competition is most effectually killed, and yet at the same time that the difficult questions of special contracts, through rates, traffic arrangements, and running powers have been solved, while the service is performed at rates which are satisfactory, at all events, to the public. That this has been the result of the action of the government there can, I think, be little doubt, though circumstances in some degree fortuitous have helped to set the government in motion. The State, acting as an independent company, has been able to make bold experiments, and, by the mere force of its example, to coerce the private lines into following its lead; at the same time there is at least room for doubt whether, if it had not been for the pressure of competition from lines running in and out of its own system, the State would have been so active.

"The measures of the State have been most vehemently criticised on the part of the companies, who have complained

that their property was being unjustly depreciated by the lowering of tariffs, made without sufficient cause and upon unsound principles, and which, from their position, they were in whole or in part compelled to adopt. *And it must be allowed that this power of dealing experimentally with the rates is a tremendous one, and which could well be turned to the disadvantage of a rival administration, who might have to deal with shareholders clamorous for dividends, instead of with the Chamber, content if four per cent. were realized upon the invested capital, or even satisfied to forego for a time any return, in view of the possibility of a large increase of traffic.* The State having this power, having the public purse to back it, being supported by public opinion, and having a dominant position, from being owner of the best, or nearly all the best lines, had no need of any further power to control the private companies when once it began to act in earnest; and hence the State, though always acting on a footing of equality in matters of rates, facilities, or purchase, has been able to lead or drive the companies to adopt its principles, without putting in force parliamentary powers, or having resource to anything but the moral influence of its position. *It is almost a necessary consequence that this state of things should end in the dominant party taking the whole of the lines. There has been a period when the parties were equal, and when it may have been a question which would absorb the other. At the present moment the position is one of agreement, in which competition is put an end to by settling every question of rates, route, or facilities upon principles mutually accepted; but the probable future is that the whole of the lines will pass into the hands of the State.* For in spite of the hostility and criticism of its opponents, the State has been able to carry through its measures, and has made a fair financial success, inasmuch as the present year will probably show a net return of six per cent. upon the invested capital." *

To the same effect is the testimony before the Royal Commission of Great Britain, to which more particular reference will be had presently, of Mr. Charles Albert Fassiaux, Director General of Belgian Posts Railways and Telegraphs,

* Report of Joint Select Committee on Railway Amalgamation, Appendix I, p. 794.

whom Mr. Adams quotes with satisfaction, as being favorable to the Belgian system of railways, but fails to quote in those passages of his evidence which throw light upon what that system is : an omission, on his part, which it will give me pleasure to supply.

In a resumé of Mr. Fassiaux's testimony, the Belgian system is shown to be, in part, a system of State proprietorship, and in part the proprietorship of private companies : it having so resulted, as it is historically known, from the fact that railroad enterprise was undertaken first by the State, as a matter of financial necessity, and not from any considerations of competition. Indeed, the ownership of the State, as thus shown, has little reference, geographically speaking, to the existence of competing lines ; nor could it have, in the nature of the case, where the government was the first to occupy the ground. But the important fact appears, that State management is not the only attribute of State ownership, but that the government exercises control over the rates and running arrangements of the railways under corporate ownership when it sees fit. Furthermore, it appears that the rates upon the State railways are not fixed with exclusive reference to railroad expenses or profits, but that there are instances of transportation under cost rates ; and herein we do not find any very reliable guarantee for competition. "The reductions are not always made with a view to the profits of the exchequer," says Mr. Fassiaux. "It happens that they are scarcely remunerative, and that they are justified by the duty of the government to aid in the development of commerce, manufactures, and agriculture : " a notable instance of the paternal idea in government. No wonder that under such circumstances, in a monarchical country like Belgium, the people, as Mr. Fassiaux avers, should be favorable to a system of State railways ; nor, on the other hand, that in

the matter of profits, as he says, there should be a great difference in favor of the State lines. Indeed, the wonder would be that private companies could survive at all, did it not appear that, for the most part, they are mere feeders, and not competing lines. The only competition possible, under any circumstances, is in a reduction below government rates, where competing companies exist: a system which cannot fail to prove ruinous in the end to the companies, and for that reason detrimental to the public. And even under this system, that one object of desire with Mr. Adams, that which he describes as the essence of the system itself, to wit, "the control and regulation of the whole through the ownership and management of a part," is not to be found. I commend to the notice of Mr. Adams, and to all supporters of his measure, the following declarations of Mr. Fassiaux.

To an inquiry whether he has found that it is inconvenient to have railways under different managements, that official, after declaring, "that in his opinion the country should be masters of the railways," replies: "Yes, there are great difficulties, when, if parallel lines, those of the State are conceded to private companies. * * * For this reason the government have failed in an attempt having for its object to regulate the tariff on the railways. Most of the companies have refused to adhere to the system of rates adopted by the State, because they would not risk a diminution of receipts. It seems demonstrated at the present time that uniformity of rate can only be obtained by the State resuming the working of the conceded lines." *

But why do I argue Mr. Adams' proposition of State ownership at greater length? Is there not authority upon my side worthy of the consideration of the State as well as of all

* Report of Royal Commissioners on Railways, Minutes of Evidences, p. 134.

parties interested in the question, and to which I may appeal? In my judgment such is the fact.

But a brief period has elapsed since a Royal Commission was constituted in Great Britain, consisting of not less than sixteen members, in the number of which were several illustrious British statesmen, to whom it was given in charge to make inquiry and report upon the railroad question, as well in its relations to Great Britain as to foreign countries: power being conferred upon the said commission to send for persons and papers and to take testimony. The report of this commission, together with the testimony taken, in a protracted and thorough investigation, both of a practical and scientific character, constitutes volume 38 of the Parliamentary Reports, and is a storehouse of information. No important subject seems to have been omitted from the view of the commission, alike comprehensive and careful as the report will be found to be. It begins at the beginning with the first steps of railroad experience in the British dominions, and traces, historically and reflectively, the successive stages of its development; it continues with a candid discussion of the evils which have arisen therefrom; defines what legislation has taken place in remedy thereof, and the particulars wherein the legislation has been deficient; and concludes with recommendations rendered necessary by existing circumstances.

Of course, in a review so complete and scientific, the question of State ownership, whether entire or partial in character, could not fail to be considered, and considered, too, in the light of the most complete information and practical knowledge, both in general and detail. But not now to dwell further on this important report, my object is simply to cite its conclusion upon the specific issue in hand, as that will be found embodied in the following extract: —

"On the various grounds we have mentioned, we cannot concur in the expediency of the purchase of the railways by the State, and we are of opinion that it is inexpedient at present to subvert the policy which has hitherto been adopted, of leaving the construction and management of railways to the free enterprise of the people, under such conditions as Parliament may think fit to impose for the general welfare of the public." *

True, Sir Rowland Hill dissented from the conclusions of the commission, and submitted a minority report; but even he did not contemplate, but on the contrary distinctly repelled, the idea of State ownership and management by the State. I quote his words, which will sufficiently illustrate the peculiar views which he entertained: —

"It seems to follow that they cannot be advantageously left to independent companies who, of course, manage them with exclusive reference to their own interest, but that they should be in the hands of those who will control the management of them with a view to the interests of the country at large; that is to say, in the hands of the Government.

"In proposing this, however, I do not mean to recommend that any government board should take upon itself, in the gross, the duty now performed by railway directors. For the direct management of the lines I propose to provide, by leasing them out in convenient groups to companies, partnerships, or individuals, as the case may be."

And again: —

"I am of opinion that the system of management by lessees would be found to have important points of advantage, alike over the existing system of management by directors, and over *any plan* of direct management by the government itself. *This last, indeed, seems to meet with condemnation on almost all sides; the chief objections raised being the want of a direct interest, the want of thorough knowledge, or peculiar aptitude, the habit of costly management, and the danger of abuse in patronage.*"

* Royal Commission on Railways' Report, p. xxxvii.

Considerations, be it observed, which I have not failed to urge in discussing the merits of Mr. A lams' scheme.

The report of the commission may once more be quoted effectually to the points here presented : —

"We have next to consider whether, if the State owned the railways, it would be able to improve the system of management. *None of the witnesses have recommended direct management by Government officers*; but, in the opinion of some, great advantages would be derived from the adoption of a plan of leasing the railways in groups. In the absence of any sufficient data furnished from experience, it is difficult to express an unqualified opinion on this proposal, but we are unable to perceive that the expectation referred to rests upon any solid foundation." *

Subsequently, it is true, a Board of Commissioners was appointed to inspect the accounts and examine the works of railways in Ireland, and in their report a favorable view was taken of the subject of government ownership, and the extension of that policy to the Irish railways was recommended. But this report, which was that of an executive commission merely, is not to be considered of the highest authority. We do not know to what extent *ring* considerations, as they would be described in the United States, may have entered into the circumstances attending the inquiry, and influenced the conclusion of the commissioners. What we do know is, that the railways of Ireland have fallen into a state of desuetude, of commercial atrophy, so to speak, to a very large extent; and in this view, of course, that both their owners and the public of Ireland look with favor upon the suggestion of their being assumed by the Crown. Under this aspect, such arguments as spring from the necessity of the case, involving, as that does, the question of railway or no railway, coupled with the smallness of the risk, because

* Royal Commission on Railways' Report, pp. xxxv, cx, cxiii.

of the limited extent of the lines, obtain a force which otherwise they would not possess.

But even this report does not aid Mr. Adams in the least ; for it is conclusively shown thereby that the Belgian system — a limited and unimportant one at the best — is not one of partial ownership, as a means of competition, or for any specific railway purpose, but ownership as a State property and possession, and that the circumstances of the Belgian system are such that an extension of State ownership is called for over the entire country. Indeed, all authority is conclusive to this point, that there is no such practicable thing as partial ownership, the ownership of a part for the regulation of the whole. The alternative requirement of the case is neck or naught — the whole or none.

The whole subject of railway economy was brought under consideration again by a joint select committee of the British Parliament, created no longer ago than 1872, and whose report, with the accompanying testimony and appendices, was printed during the summer of that year. Here, once again, as it had been by the Royal Commission before alluded to, the inquiry into the grievances of the existing system and the remedies therefor, was thorough and complete, whilst of the report it may be said, that it occupies an eminent place among modern State papers for the clearness of its reasoning, its philosophic tone, and its wise conclusions.

It disposes of the suggestion of State proprietorship and administration of the railways of the kingdom in accordance with what has now come to be the settled parliamentary view, that is to say, adversely, and resolves the problems with which it has to deal, and which involve all possible questions affecting railway management, whether political or commercial in character, by recommendations which are of no other than parliamentary resort ; and this, notwithstanding the fact that under the British system most, if not all, those condi-

tions of railway grievance exist, like monopoly, extortionate rates, &c., of which we complain here in the United States. The following is an extract from the report of this joint select committee : —

“ Another and a still greater question has been suggested, which must be mentioned in this place, viz : Whether the progress of combination between railways may not lead, at some future time, to the creation of corporations so few, so large, and so powerful, as to render it expedient, on political if not on commercial grounds, that a fundamental change should take place in the present relations between the railways and the State? The state of things so contemplated may possibly arise, and so far as the evidence offered to the committee has touched on the subject, the only remedy suggested for it is the acquisition of the railways by the government. *It does not, however, appear to us, that any present necessity exists for entering upon the full and prolonged inquiry which so great and difficult a question would demand, and we therefore proceed to consider the railway system as it at present exists, with a view to ascertain what improvements can be made in railway legislation consistently with the fair rights of the companies, which would protect the public against certain evils incident to the present system.*” *

Even Mr. Malcolm, the Assistant Secretary of the Railway Department of the Board of Trade, whose comments upon the Belgian system Mr. Adams quotes so approvingly, — and whose paper upon the subject of the Continental Railway System is a very intelligent and detailed one, which it would be instructive to quote more *in extenso*, to show that the Belgian system has not been one of unqualified perfection, even for a State no more liberal in its form of government or modes of political and commercial life than is Belgium, — fails to urge the adoption of the Belgian system so far as Great Britain is concerned ; but to the contrary of this, and with a forecasting wisdom and sound discretion, as

* Report on Railway Companies' Amalgamation, p. xxxi.

I believe, commends rather the example which is found in the legislation of our own Commonwealth upon this subject. I cannot fail to subjoin the judgment of so high an authority upon all railway topics, and of one, especially, so thoroughly possessed of information respecting the Belgian system in its practical workings and details.

“The State in England is not an owner of railways, as in Belgium and Prussia, nor has it assisted the companies, as in Prussia and France. It has, therefore, no such right to interfere as the governments of those countries have ; still it may be open to doubt, whether, for the purpose of assisting the companies themselves and settling in an easy and speedy manner points of controversy between them ; in sifting allegations of public grievances ; in placing such cases, where well founded, before the companies, and even, in extreme cases, in taking legal steps to obtain redress, the State might not, with advantage, take a more active part in railway matters *An example drawn from America would be of better application than one taken from the Continent, and it may not be altogether out of place to mention that the State of Massachusetts has recently adopted this course with respect to its railways, and that the system is reported to have worked well.*” *

To resume, upon this point of authority : from the various extracts which we have presented it appears, on the one hand, that the Belgian system, so far as it is of divided ownership and management, that is to say, partly under State and partly under corporate control, — that being the *magnum bonum*, the *maximum desideratum* of Mr. Adams’ plan, — is found to be impracticable, involving disastrous consequences in its practical workings, and that *universal* State ownership alone, in the opinion of the best informed respecting the Belgian system, can remedy existing evils ; and, on the other, that in Great Britain, where of late years the subject of railway economy has been most exhaustively

* Report on Railway Companies’ Amalgamation, Appendix I, p. 814.

investigated and considered, the principle of the Belgian system, that is, of State ownership, whether to a partial or to a full and exclusive extent, is not thought to be one which can be wisely adopted in a country whose institutions are free, or which, if adopted, would work a beneficent result.

Thus, through the entire line of his argument, I have followed Mr. Adams with disproof of his premises, denial of his reasoning, contradiction of his conclusions, and the refutation of his authorities, and have demonstrated, beyond cavil or controversy, that the scheme of partial ownership proposed by him of the railways of the State is not only inadequate to the occasion, but of unwise and even dangerous policy, and that the popular doctrine that "the government has no more to do with the railroads than it has with the shoe business," so far from being "a shallow formula," is in the sense in which it is employed an axiomatic political truth. I have shown that if Mr. Adams' scheme is indeed remedial, it should first be applied as a measure of railroad reform upon the national arena, and in that view, that no legislation is required in Massachusetts upon the subject; that, even if it were adapted to the exigencies of the situation within the limits of Massachusetts, it would be impracticable and of no effect upon the broader field of the Union, or, if adopted there, could only be made effectual by the ownership of parallel lines, involving enormous expense and aggregation of vast and dangerous powers in the hands of the Federal Government. All this has been shown, and, furthermore, that Mr. Adams has entirely misapprehended the Belgian system of railways when he supposes it to have been established upon a theory of the control and regulation of the whole through the ownership and management of a part, it having originated independently of any such considerations in prior ownership by the State for reasons of financial import; that, upon the highest authority, the tribula-

tions of partial ownership are such, that Belgium will be compelled to adopt a policy of universal ownership and management; that so far from competition being of the essence of the Belgian system, competition has been killed thereby; that the impracticability of such a measure has been thoroughly determined and demonstrated by authorities entitled to the highest respect, as witnessed in the reports of the Royal Commission and the Joint Select Committee of the British Parliament, submitted after full investigation of the subject, with accurate data, not ordinarily accessible, and upon the sworn testimony of eminent experts: in fine, if there is any single proposition contained in the elaborate effort dedicated by Mr. Adams to his scheme of State ownership, which has not been traversed, gainsaid, and disproven, it is assuredly some proposition *dehors* the line of his argument, and in its own integrity of fact or reasoning itself opposed thereto.

Upon a subject-matter so thoroughly considered and at such extreme length, I might well be content to pretermit other remark; and such would be my resolve, did I not anticipate what would be the result. It might, with a show of truth, be urged, that having recognized and admitted the evils of the existing railway system, and rejected the remedy proposed therefor by the State Railroad Commissioners, my inevitable alternative is either acquiescence in existing ills, or the duty of pointing out their means of cure. I accept that alternative, and shall proceed with a few observations on railway reform, all the more cheerfully, that it will not be expected in one, not acting under official responsibility, or with the matured judgment to be presumed in such case, and dealing with the subject only in the incidental way which the present limits allow, to do more than briefly to define what, in his view, are the considerations, whence the policy of the Commonwealth or of the country, in respect or

the railway problems, must arise. To do this fully and completely, and with that illustration belonging to the subject which the magnitude of its bearings demands, would be the task of separate and well-deliberated effort — very different from that which its present consideration needs must be.

First of all, I have to observe, so far as Massachusetts is concerned, I am unaware of any such unbearable oppressions, resultant from railway management, as call for an innovation in the modes of government, especially one of a character so revolutionary as that proposed by Mr. Adams. Evils demanding remedy undoubtedly there are; objects there are, in a progressive policy, of prime importance to be attained; but to my view, they are none of them beyond the reach of the normal authority of the State. As I recognize the evils of the railway system indeed in our times, they lie chiefly outside the limits of Massachusetts, within those of other States, or under the jurisdiction of the Federal Government. There it is that, in their well-fortified strongholds, monopoly, and extortion, and arbitrary management, lift their audacious fronts; it is in our character as citizens of the United States that we principally suffer.

In this view, therefore, the great questions involved in the railroad problems of the day, are those, first of the existence of powers requisite and necessary to the end in view in the Federal Government; and next, if these powers do exist, of their limitation with reference to the jurisdiction of the States. Into this great field of inquiry, however, it is not my purpose at this moment to go. I shall assume, for the argument's sake, that wherever power is needed, power exists: no other than ordinary political forces being called for in my solution of the question.

So, in respect of railway venality and corruption; assuredly we are to look beyond our own limits to find the seat of this disease, in chief part to the legislatures of certain other

Commonwealths, or into the *penetralia* of the Federal Government. I am not entirely sure, indeed, that in our denunciations of railroad venality and corruption, we do not mistake an incident of the thing for the thing itself. Is it, after all, in railway relations, in their own character, and the questions of legislation concerning railway subjects, singly and alone, that we are to find the sources of that wide-spread political debauchery of which we have had so painful experience of late, and which so seriously threatens the integrity of our entire public life? Not to my apprehension is such a conclusion correct. To my view it began, it has had its being hitherto, and it now continues, not simply as a railway matter in a proper sense, that of the transportation of freight and of passengers ; but in that feculant system of land-grants and subsidies accompanying railway legislation, to the support of which the dominant powers in political life have perverted the Federal Government : in that, and in the shameless spoliations and bond-robbery enactments with which, in so many of the States, the same political powers have corrupted all channels of civil authority, until the representative system itself has come to be a very travesty, a burlesque of republican government.

If this be so, in what manner can these evils be so summarily and completely cured, as by the abandonment of a policy so profligate, pernicious, and perilous in every respect, as this is shown to be, whether touching the government of the State in the character of its administration, or the people of the country, not alone in their political, but in their moral welfare. And may it not truly be said that it does not become those who acquiesce in policies of administration which dwarf into insignificance all prior experience of the country in this regard, to reproach those who are opposed to State ownership of railways with responsibility for the evils springing from such sources, and as being

"firm, consistent friends of governmental meddling in industrial enterprises;" those indeed who reject such enterprises, whether of ownership or not, upon fixed and firm principle, and whose province in the future it will be to oppose all measures which involve the land-grant, subsidy, and sub-venture policy, whether that policy presents itself in the form of some private corporation, whetting its rapacious appetite for a railway *steal*, or that of a colossal Canal combination, urged with all the sanctions of Executive authority, and in the name of National Commerce and Internal Improvement!

So far as railway evils proper are concerned, of these the opponents of State ownership do not fail to take notice: they are prepared to exhaust all the powers of the government, both Federal and State, to effect their cure; nor, in my opinion, do we need other resources to this end than we now possess.

Whoever will study attentively the reports of the British Commission and of the Joint Select Committee, before referred to, on railway reform, will not fail to perceive how far on this subject are the people and the Government of Great Britain in advance of the people and the Government of the United States; and that we are still behindhand and deficient in the ordinary conditions of improvement and progress.

Take alone that most important of all possible relations of the railway question, that which respects the safety of passengers, in the protection of life and limb; and does it not suggest to the Railroad Commissioners of Massachusetts that there are yet steps which may be wisely taken, falling far short of the revolutionary innovations which they propose towards the perfection of our system, when it can be stated as a fact, by Rowland Hill, "that the number of persons killed or injured on railways throughout the United Kingdom is less than the number killed or injured by ordi-

nary vehicles in London alone"? A question of this sort is immensely practical in the United States and in our own Commonwealth; nor is the Railroad Commission of Massachusetts precluded from a practical solution of it by any lack of executive powers.

And so, of a very large number, if not of all the inflictions under which the public labors; I conceive that the powers of the State are ample to effect their removal, and in their sovereign but normal exercise to perfect our railway system correspondingly with the demands of a progressive civilization.

To such measures as shall maintain in their integrity the advantages of the public, where any such exist, and by which the rightful authority of the government may be reclaimed wherever it has been improvidently resigned; to such as will secure just rates and a proper accountability to shareholders as well as to the State authorities; to the enactment of statutes which shall confer "running powers" in all cases, that is to say, give to every railway company the right to run its trains over the lines of all connecting railways; to enabling laws, on fit occasions, whereby any company, corporation, or person whatsoever may, under duly prescribed conditions, establish and run trains, whether for freight or passenger traffic, upon any line, arrangements therefor to be mutually agreed upon between the running and the owning road, or to be fixed by lawful authority; finally, to the establishment of a tribunal, so constituted that it shall have both legal and technical knowledge, through the interposition of which the legislature may be relieved of questions with which it is less competent to deal than such a tribunal would be, and of course with corresponding diminution of the scandals and corruptions now prevalent; — to these, the measures, it seems to me, of first importance, and other such measures as experience and

necessity shall determine, I look with confidence as being the certain, indisputable, and I had almost said infallible, means whereby to establish the railway system of the country upon such a basis, that evils which flourish so luxuriantly under existing circumstances may be destroyed, and the railway be enabled to take its appropriate place on the broad field of the future, as that tremendous auxiliary of civilization, for the benefits of which, thus far developed, we can never be too grateful, and whose possibilities of usefulness and beneficence it is not given to our thought to measure, nor our eyes to see.

Respecting that proposition, which alone of those above suggested may be considered of radical origin and intention, viz: that which proposes, in addition to the establishment of "running powers," as they are denominated and very well understood, under a defined legislative sanction, in Great Britain, that of enabling laws, under the authority of which the public, whether in a corporate capacity, a company, or in individual right, are to be allowed, with proper forms of legal initiation, the use of existing lines of railway, in manner as described, — on a proposition like this, both novel and important, it needs that a word or two further shall be said. On reflection, the measure appearing so radical as one of new impression, will be found, as a means of extreme reform, in which case alone it is proposed to apply it, entirely innocuous; and yet, at the same time, considering it as an instrumentality for the attainment of a desired end, a marvellously effective measure.

I have said before, that I do not intend now to argue the legal questions involved in the propositions which I have made, as to the capacity or incapacity of the Government, in a given instance, to exert the power which I have assumed to exist; that question, time will not permit me now to pursue; but to demonstrate the soundness of my position in

these, its jurisdictional or constitutional relations, I hold myself under obligation, whenever it shall be called in question. Thus much by parenthesis, and I proceed.

It will be observed, at the very outset, that did such an enabling law stand upon the statute-books, granting the powers which I have named, the question of competition would be no longer an open one, but settled affirmatively in the interest of the public, and in accordance with the natural law of all business transactions — that of demand and supply; and, that question settled, combination, the great monarch, the very despot, indeed, of the present system, will have seen the hour either of abdication or of overthrow. Monopoly itself, extortionate rates, unjust discrimination as between localities or persons, inefficiency of management, or the lack of needful accommodation — all of these, the crying evils of our present condition, would, with such a proposition carried into practical operation, be easily remedied: it being necessary only, to this end, to resort to the chartered rights, as it were, of the public, by the establishment of a new train to meet the public demands, or as many trains as the exigency may require, and of whatever description. Nay, the presence of such a law upon the statute-book will have the effect, *ipso facto*, of its own potentiality alone, to secure the most important railroad desiderata, without need of giving a practical operation to the powers bestowed thereby; for, whenever existing companies shall be brought to perceive that the public have rights which they are bound to respect, and likewise the immediate means of enforcing those rights, the battle will have been fought and won, and the victory of the public secured.

To what objection, predicated upon justice and reason, is such a proposition subject, in the view of a disinterested citizen — nay, in the view even of the parties immediately concerned?

Shall the railway companies, now the owners of existing lines of road, creatures of the State in their character of public corporations, take issue with us upon this proposition, and admonish us with the outcry so universal in such cases — that of “vested rights”? I reply, that the original owner of the soil, which serves as the very bed of their railway lines, up to the hour of their possession and ownership, had also his vested rights, and that the Constitution of the Commonwealth will sufficiently explain the rest.

Shall it be said that the scheme is one of impracticability, as presenting conditions impossible of regulation in the running of rival trains? I reply, that if regulation is not impracticable or impossible in cases where the franchises of the corporations are so far perverted in the interest of stock-jobbing and monopoly as to admit of the exercise of “running powers” at the present time, *videlicet*, that *imperium in imperio*, the Pullman combination, whose trains have place upon all the railways of the United States, in disregard of charters, if not in fraud of shareholders, and various transportation companies known but too well to the business community, the same principle may be applied, and the same system established, in the interest of competition, public accommodation, and commercial independence.

But I am no stickler for pet propositions of my own, or of my adoption: my point is, that the evils of the railroad system are within our reach, remediable without the intervention of agencies involving investiture of the government with extraordinary powers. Failing in all such measures to secure the great result desired, that of cheapness combined with celerity and efficiency in railroad movement, I would then go forward no further, whether in Mr. Adams’ path, or in any other of experimental legislation. I would go back; I would begin anew; and by such steps as may be found to be necessary, I would impress again upon the prin-

cipal railway lines of the country their original design and character as railways, in contradistinction to transportation companies, thereto, of course, observing all constitutional conditions. Indeed, this is a railway policy of which it may be said, that whilst the first in point of time, we have had less knowledge of it in point of experience than any other. It was the original theory of Great Britain and of this country, to a greater or less extent, that railways should have the same qualities as the turnpikes, which they did so much to supplant, with the same voice of the vested-interest monger heard ringing its changes then as now in the land, that of public highways, assimilating them in these respects to the canals, whereon all parties whatsoever should have right to travel with trains of their own, upon the payment of certain toll. This, I say, was the first step in railway construction, both in Great Britain and in the United States; and there are eminent men in our country who favor a return to this basis, as being a wise and expedient one. It certainly is more alluring than the proposition of the Massachusetts Railway Commissioners, in that it involves none of the political or commercial anomalies of a policy of State management; and in this view, limiting its scope to certain great highways of national importance, State ownership without State management would, it seems to me, be subject to no serious objection.

Without dwelling further upon these branches of the subject, which, as I advance, open to view deep vistas of political science and practical research, giving rise to questions not summarily to be discussed or decided one way or the other, I dismiss the subject, concluding, so far as respects the recommendation preferred on my part, for the establishment of a special railway tribunal, of eclectic functions, with the following eminently wise and practical reflections, extracted from an address by the late Mr. Robert Stephen-

son, President of the Institute of English Civil Engineers.

"What we ask is knowledge. Give us a tribunal competent to form a sound opinion; commit to that tribunal, with any restrictions you think necessary, the whole of the great questions appertaining to our system. Let it protect private interests apart from railways; let it judge of the desirability of all initiatory measures; of all proposals for purchases, amalgamations, or other railway arrangements. Delegate to it the power of enforcing such regulations and restrictions as may be thought needful to secure the rights of private persons or of the public; devolve on it the duty of consolidating, if possible, the railway laws, and making such amendments thereon as the public interests and the property now depending on it may require; give it full delegated authority over us in any way you please;—all that we ask is, that it shall be a tribunal that is impartial and that is thoroughly informed, and if impartiality and intelligence are secured, we do not fear the results."

To the other points dwelt upon by Mr. Adams, in the course of his exhaustive speech upon the measure to which he gives support, those touching the local relations of the various railway lines, the purchase of which his resolution contemplates, their bearings upon the Hoosac Tunnel, and the question of terminal facilities in Boston, it has not come within the scope of my present purpose to [^]avert. Lack of opportunity, resulting from the late moment at which Mr. Adams' speech came into my hands, and absence from the Commonwealth, debarring knowledge of pertinent details, would have prevented my doing so, had it conformed to my inclinations to pass beyond the limits of the main question, forced upon my consideration, as a citizen of Massachusetts, in behalf of the Railroad Commission by Mr. Adams, — that of State railway ownership and management.